

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 NEA-09 ISO-00 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01

H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 /097 W  
----- 124687

R 031245Z MAR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8383

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

AMEMBASSY DUBLIN

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

C O N F I D E N T I A L BONN 03473

E.O. 11652: GDS

TAGS: ENRG, GW, IR

SUBJECT: GERMAN-IRANIAN REFINERY PROJECT

REF: BONN 2478

1. DURING A CONVERSATION WITH THE ECONOMIC-  
COMMERCIAL MINISTER ON FEBRUARY 28, ECONOMICS MINISTRY  
STATE SECRETARY ROHWEDDER CONFIRMED RECENT PRESS  
REPORTS THAT NEGOTIATIONS ON THE PROPOSED 25 MILLION  
TON GERMAN-IRANIAN REFINERY PROJECT WERE DEADLOCKED  
WITH LITTLE PROSPECT FOR AN EARLY AGREEMENT.  
ROHWEDDER STATED THAT THE GERMAN FIRMS HAD RESPONDED  
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TO THE LATEST IRANIAN PROPOSAL WITH A MEMORANDUM

WHICH NOTED THE PRINCIPAL FEATURES OF THE PROPOSALS THE GERMAN FIRMS COULD NOT ACCEPT AND SUGGESTED POSSIBLE COMPROMISE POSITIONS. HE SAID THAT WHILE THE IRANIANS DID NOT REJECT THE GERMAN SUGGESTIONS OUT OF HAND, THEY MADE IT CLEAR THEY WEREN'T PREPARED TO MODIFY THEIR NEGOTIATING POSITION IN THE FORESEEABLE FUTURE. HE THOUGHT THAT THE IRANIANS WOULD PLACE THIS PROJECT ON THE BACK BURNER FOR AWHILE AND THAT AT SOME FUTURE DATE THEY MIGHT MAKE A NEW PROPOSAL TO THE GERMAN FIRMS. HE NOTED THAT THE DISCUSSION HAD BEEN CONDUCTED IN A VERY FRIENDLY AND CORDIAL ATMOSPHERE.

2. ROHWEDDER ADOPTED A VERY RELAXED ATTITUDE ABOUT THIS PROJECT STATING "I WON'T KILL MYSELF OVER IT." HE WENT ON TO STATE THAT IF THE PROPOSED US-IRANIAN REFINERY PROJECT NOW WENT AHEAD, HOWEVER, IT WOULD HAVE VERY SERIOUS IMPLICATIONS FOR GERMANY'S ATTEMPT TO IMPROVE ITS ECONOMIC RELATIONS WITH IRAN. HE SAID IN THIS CASE THE IRANIANS WOULD DRAW THE SIMPLISTIC POLITICAL CONCLUSION THAT THE GERMAN DECISION REFLECTED A NEW LESS FAVORABLE ASSESSMENT OF THE ECONOMIC FUTURE OF IRAN AND OF THE LEADERSHIP OF THE SHAH IN COMPARISON WITH THE US ASSESSMENT. ROHWEDDER SAID HE WOULD APPRECIATE ANY INFORMATION WE COULD PROVIDE ON THE STATUS OF NEGOTIATIONS BETWEEN THE IRANIANS AND THE US FIRMS.

3. ACCORDING TO OTHER SOURCES, THE MAIN STICKY POINT IN THE GERMAN-IRANIAN NEGOTIATIONS REMAINS THE PRICE OF THE CRUDE OIL DELIVERED TO THE REFINERY. THE GERMAN FIRMS INSISTED THAT THE REFINERY COULD NOT OPERATE AT A PROFIT IF IT HAD TO PAY PREVAILING PERSIAN GULF PRICES FOR THE CRUDE AND THE FIRMS (ESPECIALLY VEBAGELSENBERG) WERE NOT PREPARED TO ACCEPT THE IRANIANS THESIS THAT GUARANTEED ACCESS TO THE REFINED PRODUCTS WAS SUFFICIENT ECONOMIC INCENTIVE TO OFFSET THE FINANCIAL COSTS INVOLVED.

4. GIVEN THE AMOUNT OF POLITICAL CAPITAL IT HAS  
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INVESTED IN THIS PROJECT, THE FRG'S RELAXED ATTITUDE IS NOTEWORTHY AND MAY REFLECT THE VIEW THAT THE IRANIANS INTEREST IN THE PROJECT HAS DIMINISHED. IN THIS REGARD, ONE SOURCE NOTED THE RUMOR THAT THE IRANIANS ARE SHOPPING FOR AN EXISTING REFINERY IN PUERTO RICO.

5. ACTION REQUESTED: INFORMATION ON THE STATUS OF

THE PROPOSED US-IRANIAN REFINERY WE CAN PASS TO  
ROHWEDDER.  
HILLENBRAND

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, FOREIGN INVESTMENT, NEGOTIATIONS, REFINERIES, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
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**Enclosure:** n/a  
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**Original Previous Classification:** n/a  
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05 JUL 2006

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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GERMAN-IRANIAN REFINERY PROJECT  
**TAGS:** ENRG, GE, IR  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006